Legacy Gold Mines Ltd.

(Formerly Prestwick Capital Corporation Limited)

Management Discussion and Analysis
for the three and nine months ended September 30, 2024

The following management's discussion and analysis ("**MD&A**") should be read in conjunction with Legacy Gold Mines Ltd's (the "**Company**") unaudited condensed interim financial statements as at and for the three and nine months ended September 30, 2024, and related notes (the "**financial statements**") and the audited financial statements for the year ended December 31, 2023, and related notes. This MD&A was prepared by the management of the Company and was approved by the Board of Directors of the Company on November 15, 2024. Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.

BASIS OF PRESENTATION

Unless otherwise specified, all financial information has been derived from the Company's Interim Financial Statements which have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board ("**IFRS**") applicable to the preparation of interim financial statements including International Accounting Standard 34 **-** Interim Financial Reporting ("**IAS 34**"). All dollar figures stated herein are expressed in Canadian dollars, unless otherwise noted. This MD&A contains forward-looking information. Please see the section, "Note Regarding Forward-Looking Information" for a discussion of the risks, uncertainties and assumptions used to develop the Company's forward-looking information.

FORWARD-LOOKING INFORMATION

Certain statements contained in this document constitute "forward-looking information". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Company's management, are intended to identify forward-looking information. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments unless required by law.

CORPORATE PROFILE AND OVERALL PERFORMANCE

Legacy Gold Mines Ltd. (formerly Prestwick Capital Corporation Limited) (the "**Company**") was incorporated under the *Business Corporations Act* (Alberta) on June 4, 2021. The Company maintains its head office at 30th Floor, 421 7th Avenue SW, Calgary, Alberta T2P 4K9 and registered office at 1250, 639 - 5th Avenue SW., Calgary, Alberta, T2P 0M9.

The Company was a Capital Pool Company ("**CPC**") as defined pursuant to Policy 2.4 of the TSX Venture Exchange (the "**TSXV**") during the three and nine months ended September 30, 2024. During this time, the principal business of the Company was to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein, which would constitute a "Qualifying Transaction" (as defined by the Policies of the TSXV). The Company has no assets other than cash during those periods. Subsequent to September 30, 2024, the Company completed the Transaction (defined and described below) which constituted its Qualifying Transaction.

Q3 2024 HIGHLIGHTS

The Qualifying Transaction

On July 24, 2024 the Company entered into a definitive option agreement (the "**Option Agreement**") with respect to a transaction (the "**Transaction**") whereby the Company would obtain an option (the "**Option**") to acquire from Champion Electric Metals Inc. ("**Champion**") a 100% undivided interest in and to the mineral claims comprising the Baner gold project located in Idaho County, USA (the "**Property**"). The Property is comprised of 215 unpatented lode claims covering approximately 3,818 contiguous acres (1,545 hectares). The Transaction constitutes the Company's Qualifying Transaction.

On October 3, 2024 the Company completed the Transaction to obtain the Option with the result that the Company is now a Tier 2 mining issuer under the policies of the TSXV under the symbol "LEGY". On completion of the Transaction the Company paid or issued (as applicable) to Champion; $75,000, 1.1 million common shares of the Company, and warrants to purchase up to 200,000 common shares at $0.30 per share for two (2) years from the date of issuance.

In connection with the completion of the Transaction, the escrow conditions associated with 13,500,000 subscription receipts issued by the Company on August 29, 2024 were satisfied (the "**Concurrent Financing**"). As a result, those 13,500,000 subscription receipts automatically converted into 13,500,000 common shares of the Company, and the gross proceeds of the Concurrent Financing ($2.7M) were released to the Company.

Under the terms of the Option Agreement, in order to exercise the Option and keep it in good standing, the Company will be required to make additional cash payments and issue securities as follows:

1. Paying or issuing (as applicable) to Champion within 18 months from the completion of the Transaction ("**Payment #1 Date**"):

    a. $350,000;

    b. 200,000 common shares; and

    c. warrants to purchase up to 200,000 common shares at the last closing price for the common shares prior to the date of issuance, for two (2) years from the date of issuance.

2. Paying or issuing (as applicable) to Champion within 12 months from the Payment #1 Date (the "**Payment #2 Date**"):

    a. $500,000; and

    b. warrants to purchase up to 200,000 common shares at the last closing price for the common shares prior to the date of issuance, for two (2) years from the date of issuance.

The Company paid Champion $25,000 upon execution of an earlier letter of intent with respect to the Transaction.

During the term of the Option, the Company will have the exclusive right to manage and operate all work programs carried out on the Property in its sole discretion. The Company will also be responsible for maintaining the Property in good standing through such time.

Upon satisfaction of the payments and securities issuances above, the Option will be deemed to be exercised and a 100% undivided interest in the Property will be transferred to the Company, free and clear of all encumbrances, subject to the 1% NSR in favour of Champion. The Company may buy-back the 1% NSR in consideration for payment of $7.5 million to Champion.

Any common shares issued to Champion in accordance with the Option Agreement and the Transaction are subject to hold periods under applicable securities laws, and subject to voluntary escrow as follows:

a. the 1,100,000 Shares issued to Champion on completion of the Transaction and any common shares issued on exercise of the warrants also issued then are subject to voluntary escrow until the Payment #1 Date; and

b. any common shares issued to Champion on the Payment #1 Date and any common shares issued on exercise of the warrants issued on the Payment #1 Date will be subject to voluntary escrow until the Payment #2 Date.

In connection with the Transaction, the Company changed its name to “Legacy Gold Mines Ltd.”.

Directors and Officers

In connection with the completion of the Transaction, the directors and officers of the Company were changed to be as follows:

Brian Hinchcliffe – Executive Chairman and Chief Executive Officer
Mike Sutton – VP, Exploration and Director
Andrew Dunlop – Chief Financial Officer and Corporate Secretary
Trevor Gabriel – Director
John Gravelle – Director

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

During the period ended September 30, 2024, the Company was a CPC. Accordingly, the Company has not recorded any revenues and depends upon share issuances to fund its administrative expenses.

Selected Financial Highlights

Description	Nine months ended September 30, 2024 (in CAD$, except share amounts)	Six months ended June 30, 2024 (in CAD$, except share amounts)	Three months ended March 31, 2024 (in CAD$, except share amounts)	Year ended December 31, 2023 (in CAD$, except share amounts)	Year ended December 31, 2022 (in CAD$, except share amounts)
Total Revenue	-	-	-	-	-
Total Expenses	$357,097	$95,735	$18,454	$135,262	$5,355
Net and comprehensive loss	$261,362	$95,735	$18,454	$135,262	$5,355
Loss per Share-Basic and Diluted	$0.18	$0.05	$0.01	$0.16	$0.00
Weighted average shares outstanding	2,000,000	2,000,000	832,877	9,050,100	6,899,860

	As at September 30, 2024 (in CAD, except share amounts)	As at June 30, 2024 (in CAD, except share amounts)	As at March 31, 2024 (in CAD, except share amounts)	As at December 31, 2023 (in CAD, except share amounts)	As at December 31, 2022 (in CAD, except share amounts)
Total Assets	$2,991,449	$442,226	$526,872	$527,192	$452,784
Total Short-Term Liabilities	$2,830,854	$20,269	$27,634	$9,500	$6,783

	As at September 30, 2024 (in CAD, except share amounts)	As at June 30, 2024 (in CAD, except share amounts)	As at March 31, 2024 (in CAD, except share amounts)	As at December 31, 2023 (in CAD, except share amounts)	As at December 31, 2022 (in CAD, except share amounts)
Shareholders' Equity	$160,595	$421,957	$499,238	$517,692	$446,001
Shares outstanding	11,050,100	11,050,100	11,050,100	11,050,100	9,050,100

Discussion of Operations for Q3 2024

During the nine-month period ended September 30, 2024, the Company had a net loss and comprehensive loss of $357,097 related to property investigation expenses, regulatory and filing fees, professional fees, consulting fees and administrative expenses (nine-month period ended September 30, 2023 - $115,699 related to regulatory and filing fees, professional fees, and share-based compensation).

During the three-month period ended September 30, 2024, the Company had a net loss and comprehensive loss of $261,362 related to property investigation expenses, regulatory and filing fees, professional fees, consulting fees and administrative expenses (three-month period ended September 30, 2023 - $112,931 related to regulatory and filing fees, professional fees and share-based compensation).

During Q3 2024, field activities were completed at the Property which included: prospecting of all reported historical mineral and notable rock occurrences, soil geochemical anomaly areas, magnetic and IP anomalies, historic drillhole collars, and scoping and siting of proposed drill sites for the first phase of drilling. Vein and host rock material was sampled from rare bedrock exposures and from waste rock piles where recognized. Several grab samples were collected from the workings or associated waste rock piles and sent for assaying.

Additional work performed included key magnetic and IP (chargeability) anomaly trends being ground-checked by field traversing. All clusters of major soil anomaly areas with the Property perimeter were field checked and eleven drill sites were reviewed for proposed holes to be drilled near-term were site reviewed with revised GPS collar coordinates collected.

Summary of Quarterly Results

For the Period Ended	Total Revenue (in CAD$)	Net and Comprehensive Loss	
		Total (in CAD$)	Basic and diluted loss per share (in CAD$)
2024 – September 30	-	$261,362	$0.13
2024 – June 30	-	$77,281	$0.04
2024 – March 31	-	$18,454	$0.01
2023 – December 31	-	$19,563	$0.02
2023 – September 30	-	$112,931	$0.26
2023 – June 30	-	$1,960	-
2023 – March 31	-	$808	-
2022 – December 31	-	$5,310	-

OUTLOOK

The Company plans to carry out further detailed exploration efforts on various targets on the Property, mainly focused on following up the 2018 and 2020 drilling campaigns that were conducted on the Property.

BACKGROUND TO PROPERTY AND INTERESTS

The Company commissioned an independent third party to prepare the Technical Report on the Property. The Technical Report, a report prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, is dated effective August 1, 2024 and has been filed on SEDAR+ at www.sedarplus.ca under the Company's profile.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company has 25,800,100 common shares outstanding.

As at the date of this MD&A, the Company has outstanding options that are exercisable pursuant to the grant of incentive options to certain former officers and directors while the Company was a CPC to acquire, in aggregate, 828,750 common shares.

LIQUIDITY, CAPITAL RESOURCES AND CASH FLOWS

As at September 30, 2024, the Company had cash of $245,075 and working capital of $160,595. The Company also held $2,700,000 of subscription receipts as a current asset, as well as a current liability for the same amount, related to the Concurrent Financing. In connection with the completion of the Transaction, the 13,500,000 subscription receipts of the Company automatically converted into 13,500,000 common shares of the Company and the Company issued 150,000 common shares as finders fees.

Condensed Interim Statement of Cash Flows

For the nine months ended	**September 30, 2024**	**September 30, 2023**
Operating activities		
Net and comprehensive loss	$ (357,097)	$ (115,699)
Adjustment for non-cash item		
Share based compensation	-	100,021
Change in non-cash working capital items		
Prepaid expenses	(2,468)	(2,930)
Accounts payable	80,433	1,913
	(279,132)	(16,695)
Financing activities		
Deferred finance costs	(1,590)	-
Issuance of share capital	-	200,000
Offering costs	-	(78,068)
	(1,590)	121,932
Net change during the period	(280,722)	105,237
Cash, beginning of period	525,797	437,784
Cash, end of period	**$ 245,075**	**$ 543,021**

The balance in cash currently on hand is from the proceeds following the issuance of 9,050,100 common shares of the Company pursuant to its seed share financing. In August 2023 the Company received net proceeds of $163,790 following the issuance of 2,000,000 common shares of the Company pursuant to its initial public offering (the "**IPO**").

In connection with the seed share financing, on June 7, 2021, July 13, 2021 and September 9, 2021, the Company issued for cash consideration, 100, 7,350,000 and 1,700,000 common shares respectively, at a price of $0.05 per share, for total gross proceeds of $452,505.

On May 12, 2023, and in connection with IPO and listing on the TSXV, the Company filed a Prospectus with the Alberta Securities Commission, British Columbia Securities Commission and Ontario Securities Commission to issue 2,000,000 common shares at a price of $0.10 per share. The IPO was completed on August 1, 2023, raising gross proceeds of $200,000. The common shares of the Company began trading on the TSXV on August 2, 2023 under the trading symbol "PWIK.P". The Company paid the IPO agent a cash commission of $20,000 in connection with the IPO; a corporate finance fee of $15,000; and reimbursement for certain expenses (including legal fees plus disbursements and applicable taxes). The IPO agent was also granted non-transferable agent's warrants to purchase 200,000 common shares at a price of $0.10 per common share, which expires 60 months from the date of issuance.

Management believes the Company has sufficient funds on hand to meet anticipated administrative and other related expenditures.

As a CPC, the Company was subject to externally imposed capital requirements as outlined in Policy 2.4 and summarized below:

1. No remuneration, which includes but is not limited to salaries, consulting fees, management contract fees or directors' fees, finders' fees (except as permitted under the Policy 2.4), loans, advances and bonuses may be paid directly or indirectly to a related party of the Company or a related party of a Qualifying Transaction.

2. Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval, if applicable, for a Qualifying Transaction.

3. After the completion of its initial public offering and until the completion of a Qualifying Transaction, a CPC may not issue any securities unless written acceptance of the TSXV is obtained before the issuance of the securities.

Grant of Stock Options

Upon closing of the Company's IPO, the Company granted incentive stock options to its directors and officers at that time to acquire, in aggregate, 1,105,000 common shares at a price of $0.10 per share and which are exercisable within 10 years from the date of the grant.

CRITICAL ACCOUNTING ESTIMATES

Application of the Company's accounting policies in compliance with IFRS requires the Company's management to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Share based payments

Share based payments to employees are measured at the fair value of the equity instruments granted and amortized over the vesting period. Share based payments to non-employees are measured at the fair value of the good or service received or the fair value of the equity instruments issued if it is determined that the fair value of the good or service cannot be measured reliably, and are recorded at the date the good or service is received. The corresponding amount is recorded to an equity reserve. The Company estimates the fair value of options using the Black-Scholes option pricing model.

Several variables are used when determining the value of stock options using the Black-Scholes valuation model:

- The expected term: the Company used the expected term of the option of five years, which is the maximum term ascribed to these stock options, for the purposes of calculating their value. The Company chose the maximum term because it is difficult to determine with any reasonable degree of accuracy when these stock options will be exercised.

- Volatility: the Company used historical information of the Company on the market price of its common shares to determine the degree of volatility at the date the stock options were granted. Therefore, depending on when the stock options were granted and the period of historical information examined, the degree of volatility can be different when calculating the value of different stock options.

- Risk-free interest rate: the Company used the interest rate available for government securities of an equivalent expected term as at the date of the grant of the stock options. The risk-free interest rate would vary depending on the date of the grant of the stock options and their expected term.

- Dividend yield: the Company has not paid dividends in the past because it is in the exploration stage and has not yet earned any sufficient operating income. Therefore, a dividend rate of 0% was used for the purposes of the valuation of the stock options.

CRITICAL JUDGMENTS USED IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Impairment of Resource Property Costs

Management reviews the carrying values of exploration and evaluation assets whenever events or changes in circumstances indicate that their carrying values may not be recoverable. The recoverable amount of cash-generating units for an exploration stage company requires various subjective assumptions. These assumptions may change significantly over time when new information becomes available and may cause original estimates to change.

Income Taxes and Recovery of Deferred Tax Assets

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements. Judgment exists in relation to the eligibility of qualifying exploration and evaluation expenditures on properties in relation to flow-through share financing. Deferred tax assets require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize recognized deferred tax assets. As at September 30, 2024 and 2023, no deferred tax assets were recognized, as the Company is still in the exploration stage, and management is uncertain when sufficient taxable income will be available to realize the deferred tax assets.

FINANCIAL RISK FACTORS

Liquidity risk - the Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Accounts payable generally have contractual maturities of less than thirty days and are subject to normal trade terms.

CAPITAL MANAGEMENT

The Company’s primary objective when managing capital is to maximize returns for its shareholders, while maintaining a flexible capital structure that optimizes cost of capital at acceptable risk and safeguards the Company’s ability to continue as a going concern.

The Company defines capital as total equity which was $160,595 at September 30, 2024. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2024, and up to the date of this MD&A, the Company had no off-balance sheet arrangements.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUES

See analysis on Q3 2024 vs Q3 2023 and Q3YTD 2024 vs Q3YTD 2023 earlier in this document, as well as refer to the Company’s condensed interim financial statements for the nine months ended September 30, 2024.

RELATED PARTY TRANSACTIONS

A former director and shareholder of the Company is a founder of the law firm Modern Finance Law. During the nine months ended September 30, 2024, the Company incurred professional fee expenses of $82,713 and deferred financing costs of $31,786 (2023 - $nil) for professional services rendered by Modern Finance Law.

At September 30, 2024 $67,151 (December 31, 2023 - $nil) is payable to Modern Finance Law and is included in accounts payable.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the period. It is management's opinion that the accounting estimates of future taxable profits available to utilize the Company's deductible temporary differences are the significant estimates that affected the reported amounts as at or for the three and nine months ended September 30, 2024.

Notes to the financial statements of the Company for the three and nine months ended September 30, 2024 are available on SEDAR+ at www.sedarplus.ca.

ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

There are no accounting standards that have been issued but have future effective dates that are expected to have a material effect on the Company's financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and accounts payable. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The financial statements were prepared by the Company's management in accordance with Canadian generally accepted accounting principles. The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

QUALIFIED PERSON

Mr. Mike Sutton, P.Geo., an officer of the Company, is the Qualified Person, as defined under National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*, who reviewed and approved scientific and technical disclosure in this MD&A.

RISKS AND UNCERTAINTIES

The following are certain factors relating to the business of the Company upon completion of the Transaction, which factors investors should carefully consider when making an investment decision concerning the common shares of the Company. These risks and uncertainties are not the only ones facing the Company. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

The following is a description of certain risks and uncertainties that may affect the business of the Company.

Limited Business History

The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complication and delays frequently encountered in connection with the establishment of any business. The Company has limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Company can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans

Exploration, Development and Operating Risks

The Company's mining and exploration activities will involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Any figures presented for mineral resources, if any, are only estimates. The estimating of mineral resources is a subjective process and the accuracy of mineral resource estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from the estimates.

Estimated mineral resources may have to be re-estimated based on changes in mineral prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource estimates. Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions.

Most exploration projects do not result in the discovery of commercially viable mineral deposits and no assurance can be given that any particular level of recovery or mineral resources or reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially viable deposit which can be legally and economically exploited.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned mineral exploration and development will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

Fluctuating Mineral Prices and Marketability of Minerals

The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Company may determine that it is impractical to continue a mineral exploration operation. Fluctuating mineral prices may also adversely affect the ability of the Company to obtain financing.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Property.

Regulatory, Permit and License Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations concerning exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for facilities and the conduct of exploration and development operations on the Property will be obtainable on reasonable terms, or that such laws and regulations will not have an adverse effect on any exploration or development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new or existing properties.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations and no revenues. If the Company's exploration program on the Property is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Shareholders.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the boundaries of, mineral properties may be disputed. The Company cannot give an assurance that title to the Property will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that Champion or the Company, as the case may be, does not have title to the Property could cause the Company to lose any rights to explore, develop and mine any minerals on the Property without compensation for its prior expenditures relating to the Property.

Operations, Including Permitting, may be Subject to Legal Challenges

The Company's exploration, and any future development and mining operations, and the permits required for such activities, may be subject to legal challenges at the international, federal, state, and local level by various parties. Legal challenges may result in adverse impacts on the Company's planned operations. The Company may also be subject to more localized opposition, including efforts by environmental groups, which could attract negative publicity or have an adverse impact on its reputation.

Competition

The Company will compete for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other mining companies could have a material adverse effect on the Company and its prospects.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Local Resident Concerns

Apart from ordinary environmental issues, the exploration, development and mining of the Property could be subject to resistance from local residents that could either prevent or delay exploration and development of the Property.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers may become subject to conflicts of interest. The *Business Corporations Act* (Alberta) provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the *Business Corporations Act* (Alberta). To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the *Business Corporations Act* (Alberta).

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company's shares.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

The success of the Company will be dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company. In such an event, the Company will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.